

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM CHECK SURVEY

This report is authorized by law [12 U.S.C. §5015]. Your voluntary cooperation in submitting this report is needed to make the results comprehensive, accurate, and timely. The Federal Reserve may not conduct or sponsor, and an organization is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The Federal Reserve System regards the individual bank information provided by each respondent as confidential. If it should be determined subsequently that any information collected on this form must be released, respondents will be notified.

Public reporting burden for this collection of information is estimated to average 10 hours per response, including the time to gather and maintain data in the required form, to review the instructions and to complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, D.C. 20551; and to the office of Management and Budget, Paperwork Reduction Project (7100-0279), Washington, D.C. 20503.

You are encouraged to complete the survey by visiting [www.federalreserve.gov/\[to be provided\]](http://www.federalreserve.gov/[to be provided]). Please use the user ID and password provided in the cover letter to access the survey.

Alternatively, you may complete this form and send it to the Board of Governors of the Federal Reserve System at 20th Street and Constitution Avenue, NW, Washington, D.C. 20551 Attention [to be provided] or fax it to (202) [to be provided]. Please include the name and phone number of a person that we can contact should there be questions about your responses.

All responses are requested by May 1, 2006. Thank you for your time and cooperation.

Survey

I. Bank information		
Name:		
City:	State:	Zip code:
Contact name:	Phone number: ()	
Email:		

II. Check losses

2.1 During calendar year 2005, did your institution incur check losses or receive recoveries from previous check losses?

(a) ☐ Yes If yes, please continue with question 2.2.

(b) ☐ No If no, please skip to question 2.7.

2.2 Specify the level of your check losses during calendar year 2005 both as the **bank of first deposit** and as the **paying bank**. Include the value of the checks that resulted in a loss but no other costs associated with the loss. Include losses before recoveries associated with the cases identified.

	Value (\$)	Number of cases
(a) Total amount	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(i) As bank of first deposit	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(A) Next-day availability checks	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(B) Local checks	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(C) Nonlocal checks	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(ii) As paying bank	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>

2.3 Specify recoveries received in 2005 from check losses. (Recoveries are losses originally written off by your bank but subsequently recouped. Recoveries may correspond to check losses incurred in 2005 or earlier years.)

	Value (\$)	Number of cases
Total amount	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>

2.4 Specify your check losses as **bank of first deposit** during calendar year 2005 by category.
(Enter "0" if none.)

	Value (\$)	Number of cases
(a) Losses from checks the paying bank returns by the midnight deadline (for example, dishonored checks)	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(b) Losses from checks subject to warranty claims by the paying bank (for example, altered checks)	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(c) Total (a and b) <i>(should sum to values provided in 2.2.(a)(i))</i>	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>

2.5 Specify the level of your check losses as **bank of first deposit** during calendar year 2005
attributable to accounts opened for the following time periods.

	Value (\$)	Number of cases
(a) Up to 30 days	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(b) 31 days to 90 days	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(c) 91 days to 180 days	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(d) 181 days to 1 year	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(e) Over 1 year	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(f) Total (a - e) <i>(should sum to values provided in 2.2.(a)(i))</i>	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>

2.6 Specify your check losses as **paying bank** during calendar year 2005 by presentment method.

	Value (\$)	Number of cases
(a) Total losses from all <u>paper</u> checks presented	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(i) Original checks	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(ii) Substitute checks	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(b) Total losses from all checks presented <u>electronically</u> <i>(include items presented electronically for payment; paper may follow but is not a condition of the presentment)</i>	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(a) Image presentment	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(ii) MICR line presentment	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(c) Total losses as a paying bank (a and b) <i>(should sum to values provided in 2.2.(a)(ii))</i>	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>

2.7 Did your bank experience a greater, a smaller, or about the same dollar amount of check losses in 2005 compared with 2004? Please provide a percentage estimate of the change. Calculate losses before recoveries associated with the cases identified.

- (a) ☐ Greater losses than the previous year
- (b) ☐ Smaller losses than the previous year
- (c) ☐ Same losses as the previous year
- (d) Percentage change of dollar losses _____ (%) Est. ☐

III. Volume

3.1 Provide the number and value of all checks presented to your bank as **paying bank** during March 2006. Include inclearings and "on-us" checks. Include checks that you subsequently returned unpaid. Do not include checks for which you are not the paying bank (that is, checks that you are collecting for your respondent banks as an intermediary bank) or noncheck items, such as deposit slips, general ledger tickets, etc. Do not include checks converted to electronic payments (for example, ARC payments).

	Value (\$)	Number of checks
(a) Total checks presented to your bank as paying bank	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(i) Total <u>paper</u> checks presented	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(A) Original checks	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(B) Substitute checks	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(ii) Total checks presented <u>electronically</u> \$ _____ Est. <input type="checkbox"/>		_____ Est. <input type="checkbox"/>
<i>(include items presented electronically for payment; paper may follow but is not a condition of the presentment)</i>		
(A) Image presentment	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(B) MICR line presentment	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>

3.2 Provide the number and value of all checks deposited at your bank as the **bank of first deposit** during March 2006. Do not include checks converted to electronic payments (for example, ARC payments).

	Value (\$)	Number of checks
(a) Total checks deposited at your bank as bank of first deposit	\$ _____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(i) Next-day availability checks deposited	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(ii) Local checks deposited	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>
(iii) Nonlocal checks deposited	_____ Est. <input type="checkbox"/>	_____ Est. <input type="checkbox"/>

IV. Funds availability (Please note that this section will request information on your published funds availability policies and your actual funds availability practices with respect to **consumer** transaction accounts.)

4.1 Please provide your **total** number of transaction accounts and the proportion (in percent) that are **consumer** transaction accounts.

- (a) Number of total transaction accounts _____ Est. ☐
- (b) Percent that are **consumer** transaction accounts _____ % Est. ☐

4.2 As of March 2006, indicate your **published funds availability policies** for check deposits to **consumer** transaction accounts that do not qualify for exception holds under Regulation CC. Assume that the original deposit of the check at your bank is Day 0.

- | | Percentage of
consumer accounts |
|----------------------------------|---------------------------------------|
| (a) Next-day availability checks | |
| (i) Same business day (Day 0) | _____ % Est. <input type="checkbox"/> |
| (ii) Next business day (Day 1) | _____ % Est. <input type="checkbox"/> |
| | <u>100</u> % |
| (b) Local checks | |
| (i) Same business day (Day 0) | _____ % Est. <input type="checkbox"/> |
| (ii) Next business day (Day 1) | _____ % Est. <input type="checkbox"/> |
| (iii) Two business days (Day 2) | _____ % Est. <input type="checkbox"/> |
| | <u>100</u> % |
| (c) Nonlocal checks | |
| (i) Same business day (Day 0) | _____ % Est. <input type="checkbox"/> |
| (ii) Next business day (Day 1) | _____ % Est. <input type="checkbox"/> |
| (iii) Two business days (Day 2) | _____ % Est. <input type="checkbox"/> |
| (iv) Three business days (Day 3) | _____ % Est. <input type="checkbox"/> |
| (v) Four business days (Day 4) | _____ % Est. <input type="checkbox"/> |
| (vi) Five business days (Day 5) | _____ % Est. <input type="checkbox"/> |
| | <u>100</u> % |

(d) Please specify the percentage of consumer transaction accounts for which your policy includes a provision enabling you on a **case-by-case basis** to extend the period for which you would normally hold the deposited funds up to two business days for local checks and five business days for nonlocal checks.

- (i) Local checks _____ % Est. ☐
- (ii) Nonlocal checks _____ % Est. ☐

4.3 In the past two years, how did your bank change its **published funds availability policies** for deposits to **consumer** transaction accounts that do not qualify for exception holds under Regulation CC?

Percentage of
consumer accounts

(a) Next-day availability checks

(i) Funds availability became shorter _____ % Est. ☐

(ii) Funds availability became longer _____ % Est. ☐

(iii) Funds availability stayed the same _____ % Est. ☐

100 %

(b) Local checks

(i) Funds availability became shorter _____ % Est. ☐

(ii) Funds availability became longer _____ % Est. ☐

(iii) Funds availability stayed the same _____ % Est. ☐

100 %

(c) Nonlocal checks

(i) Funds availability became shorter _____ % Est. ☐

(ii) Funds availability became longer _____ % Est. ☐

(iii) Funds availability stayed the same _____ % Est. ☐

100 %

If your availability policies changed, please specify why:

(d) Funds availability became shorter because *(please check all that apply)*

(i) Merger ☐

(ii) Fraud losses ☐

(iii) Competitive factors ☐

(iv) Risk profiles ☐

(v) Faster check collection ☐

(vi) Other ☐

If "Other," please specify: _____

(e) Funds availability became longer because *(please check all that apply)*

(i) Merger ☐

(ii) Fraud losses ☐

(iii) Competitive factors ☐

- (iv) Risk profiles ☐
(v) Slower check collection ☐
(vi) Other ☐

If "Other," please specify: _____

4.4 As of March 2006, indicate your **actual funds availability practices** for check deposits to **consumer** transaction accounts that do not qualify for exception holds under Regulation CC. Assume that the original deposit of the check at your bank is Day 0.

Percentage of
consumer **check deposits**

(a) Next-day availability checks

- (i) Same business day (Day 0) _____ % Est. ☐
(ii) Next business day (Day 1) _____ % Est. ☐
100 %

(b) Local checks

- (i) Same business day (Day 0) _____ % Est. ☐
(ii) Next business day (Day 1) _____ % Est. ☐
(iii) Two business days (Day 2) _____ % Est. ☐
100 %

(c) Nonlocal checks

- (i) Same business day (Day 0) _____ % Est. ☐
(ii) Next business day (Day 1) _____ % Est. ☐
(iii) Two business days (Day 2) _____ % Est. ☐
(iv) Three business days (Day 3) _____ % Est. ☐
(v) Four business days (Day 4) _____ % Est. ☐
(vi) Five business days (Day 5) _____ % Est. ☐
100 %

4.5 What percentage of your check deposits are subject to exception holds under Regulation CC and are held longer than the next business day for next-day availability checks, two business days for local checks, and five business days for nonlocal checks?

Consumer checks deposited _____ (%) Est. ☐

Please provide primary exception hold reason used: _____

V. Return items

5.1 Specify the percent of returned checks by the number of business days within which your bank as the bank of first deposit receives local and nonlocal checks that have been returned unpaid by the paying bank. Assume that the original deposit of the check at your bank is Day 0.

Please indicate if percentages are estimates. Est. ☐

Percent of returned checks		Percent of returned checks	
<u>Local</u>		<u>Nonlocal</u>	
(a) One business day	_____ %	(a) One business day	_____ %
(b) Two business days	_____ %	(b) Two business days	_____ %
(c) Three business days	_____ %	(c) Three business days	_____ %
(d) Four business days	_____ %	(d) Four business days	_____ %
(e) Five business days	_____ %	(e) Five business days	_____ %
(f) Six business days	_____ %	(f) Six business days	_____ %
(g) Seven business days	_____ %	(g) Seven business days	_____ %
(h) Eight or more business days	_____ %	(h) Eight or more business days	_____ %
	<u>100</u> %		<u>100</u> %

5.2 For what percent of large-dollar checks (\$2,500 or more) does your bank receive large-dollar return-item notifications at least a day earlier than the actual returned check?

(a) Percent of large-dollar return-item notifications received at least a day earlier
_____ % Est. ☐

5.3 If your bank receives a large-dollar return-item notification on a day before receipt of the actual returned check, how does your bank use the large-dollar return-item notification from the paying bank?

	Percentage of notifications
(a) <input type="checkbox"/> To place hold on depositor's account	_____ % Est. <input type="checkbox"/>
(b) <input type="checkbox"/> To charge back depositor's account	_____ % Est. <input type="checkbox"/>
(c) <input type="checkbox"/> No action taken	_____ % Est. <input type="checkbox"/>
	<u>100</u> %

If no action was taken, please briefly explain why: _____

